

1 RONALD S. LEMIEUX (SBN 120822)  
ronlemieux@paulhastings.com  
2 MICHAEL EDELMAN (SBN 180948)  
michaeledelman@paulhastings.com  
3 VIDYA R. BHAKAR (SBN 220210)  
vidbhakar@paulhastings.com  
4 SHANÉE Y. WILLIAMS (SBN 221310)  
shaneewilliams@paulhastings.com  
5 PAUL, HASTINGS, JANOFSKY & WALKER LLP  
6 Five Palo Alto Square, Sixth Floor  
7 Palo Alto, CA 94306-2155  
Telephone: (650) 320-1800  
8 Facsimile: (650) 320-1900

9 Attorneys for Plaintiffs  
10 ASUSTEK COMPUTER INC. AND  
ASUS COMPUTER INTERNATIONAL  
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12 UNITED STATES DISTRICT COURT  
13 NORTHERN DISTRICT OF CALIFORNIA  
14 SAN FRANCISCO DIVISION  
15

16 ASUSTEK COMPUTER INC. and ASUS  
17 COMPUTER INTERNATIONAL,

18 Plaintiffs,

19 v.

20 RICOH COMPANY, LTD.,

21 Defendant.  
22

23 AND RELATED COUNTERCLAIMS.  
24  
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CASE NO. C 07-01942-MHP

**PLAINTIFFS' REPLY IN SUPPORT OF  
MOTION TO DISMISS DEFENDANT'S  
THIRD COUNTERCLAIM;  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT**

Date: October 29, 2007

Time: 2:00 P.M.

Courtroom: 15

The Honorable Marilyn H. Patel

1     **I.     INTRODUCTION**

2           There is no justifiable basis for Ricoh's opposition to this Motion To Dismiss. In light of  
3     the Western District of Wisconsin's determination that claims 1 and 4 of the '109 Patent are  
4     invalid, Ricoh is collaterally estopped from asserting those claims in the instant action. Ricoh  
5     does not deny that collateral estoppel applies to claims 1 and 4. No other claims were asserted in  
6     the Wisconsin action for the '109 Patent. Rather than dismiss these claims from this action,  
7     Ricoh coyly suggests that its Counterclaim for the '109 Patent in this case is so vaguely drafted  
8     that it is not clear that it intends to assert the same claims raised in the Wisconsin action, and that  
9     therefore it is not required to dismiss the claim asserted here. Ricoh's argument is flawed on  
10    numerous grounds.

11           As an initial matter, the law is well settled that collateral estoppel applies as to those  
12    claims the Western District of Wisconsin adjudged invalid, and there is no legal authority that  
13    permits Ricoh to assert those invalid claims in this action. Further, Ricoh apparently contends  
14    that, because its complaint is so vague that it does not identify the patent claims at issue, this  
15    means that it can avoid collateral estoppel at the pleading stage for *all* claims. This is simply  
16    untrue. The law is well established that collateral estoppel extends to all claims for which the  
17    *issue* of invalidity is substantially identical to the previously invalidated claims. Since claims 1  
18    and 4 have already been adjudged invalid as obvious, the Court should issue an order dismissing  
19    those claims from this case.

20           In a misplaced effort to avoid this result, Ricoh suggests (without citing any authority) that  
21    a stay of "all issues concerning the '109 Patent" would be more appropriate pending its appeal of  
22    the finding of invalidity of claims 1 and 4. Both the Ninth Circuit and the Federal Circuit have  
23    opined, however, that the pendency of an appeal has no effect on this Court's discretion to bar  
24    Ricoh from asserting its invalid claims in this action. As such, there is no legitimate basis to stay  
25    this action.

26           Accordingly, Plaintiffs respectfully request the Court to grant this Motion To Dismiss.

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1 **II. ANALYSIS**

2 **A. Ricoh Does Not Dispute That Collateral Estoppel Applies As to Claims 1 and**  
 3 **4 of the '109 Patent.**

4 Ricoh does not dispute that collateral estoppel applies to claims 1 and 4 of the '109 Patent,  
 5 the claims adjudged to be invalid in the Wisconsin action. As a matter of law, Ricoh is precluded  
 6 from asserting these claims in this action. *See Pharmacia & Upjohn Co. v. Mylan Pharms., Inc.*,  
 7 170 F.3d 1373, 1379 (Fed. Cir. 1999) (citing *Mendenhall v. Barber-Greene Co.*, 26 F.3d 1573,  
 8 1577 (Fed. Cir. 1994)).

9 **B. Ricoh's Alleged Intention To Assert Claims Other Than Claims 1 and 4 of the**  
 10 **'109 Patent Does Not Preclude the Court from Applying Collateral Estoppel**  
 11 **to Claims 1 and 4.**

12 Ricoh apparently contends that this Court cannot apply collateral estoppel as to Claims 1  
 13 and 4 because Ricoh *may* assert additional claims of the '109 Patent against Asustek in the instant  
 14 action. Ricoh's argument is unavailing. In support of its argument, Ricoh improperly relies on  
 15 *Russell v. Place*, 94 U.S. 606, 609 (1877), an opinion that did not apply collateral estoppel solely  
 16 because of an ambiguity in determining which claims were previously found invalid. *See*  
 17 *Opposition* at 3:15-19. The *Russell* case is inapposite because there is no question which claims  
 18 were found invalid in the Wisconsin Action. The Wisconsin court's Order expressly stated that  
 19 the defendants' motion for summary judgment was granted:

20 with respect to plaintiff's claims that  
 21 a. defendants infringe claims 1 and 4 of U.S. Patent No. 6,631,109, on the ground  
 22 that those claims are obvious and therefore invalid...

23 Request for Judicial Notice, Exh. A at pp. 35-36.

24 There is no question that collateral estoppel is applicable to patent claims expressly  
 25 identified in a prior judgment as being invalid. *See, e.g., Bourns, Inc. v. Allen-Bradley Co.*, 480  
 26 F.2d 123, 125 (7th Cir. 1973) (applying collateral estoppel to claims explicitly identified in prior  
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 28

1 judgment of invalidity and permitting plaintiff to assert claims that were not specifically  
 2 identified in prior judgment).<sup>1</sup> Ricoh has not cited any law to the contrary, because there is none.

3 Ricoh's efforts to avoid the collateral estoppel doctrine in this case make no sense. In the  
 4 Wisconsin action, after conducting discovery, including a technical deposition of Asustek, and in  
 5 submitting a very lengthy and detailed expert report, the only claims of the '109 Patent Ricoh  
 6 asserted in the Wisconsin action were claims 1 and 4. Even assuming Ricoh can find some good  
 7 faith basis to assert any additional claims of the '109 Patent in this action,<sup>2</sup> that simply does not  
 8 change the application of decades of established precedent regarding collateral estoppel. Claims  
 9 1 and 4 must be dismissed from this action.

### 10 **III. CONCLUSION**

11 For the foregoing reasons, Asustek respectfully requests that Ricoh's third counterclaim  
 12 for infringement of the '109 Patent be dismissed with prejudice. Should the Court grant  
 13 Asustek's Motion To Dismiss, Asustek will dismiss its request for declaratory judgment of  
 14 noninfringement and invalidity of the '109 Patent, as these claims were asserted prior to the filing

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 20 <sup>1</sup> The Seventh Circuit subsequently expanded the holding in *Bourns in Technograph Printed*  
 21 *Circuits, Ltd. v. Methode Elecs., Inc.*, 484 F.2d 905, 908-909 (7th Cir. 1973), wherein the Seventh  
 22 Circuit applied collateral estoppel even as to claims that were not previously litigated upon a  
 23 showing that the substance of the claims was identical to the previously litigated claims. Ricoh  
 24 overlooks the well-settled law that collateral estoppel requires consideration of the "issues" that  
 25 were decided, not the patent claims that were litigated. *Westwood Chem., Inc. v. United States*,  
 26 525 F.2d 1367, 1372 (Ct. Cl. 1975) ("in determining the applicability of the estoppel, the first  
 27 consideration is 'whether the issue of invalidity common to each action is substantially identical.'  
 28 It is the issues litigated, not the specific claims around which the issues were framed, that is  
 determinative."). The claims of the '109 Patent are substantially similar, and likely any claim that  
 Ricoh ultimately decides to assert in this action will be barred by the collateral estoppel doctrine.  
*See Westwood Chem., Inc. v. Molded Fiber Glass Body Co.*, 498 F.2d 1115, 1117 (6th Cir. 1974)  
 (applying collateral estoppel to unadjudicated claims where the adjudicated claims and  
 unadjudicated claims presented identical issues).

<sup>2</sup> The Asustek parties asked counsel for Ricoh to identify such good faith basis, but defense  
 counsel refused to provide this information.

1 of the motion for summary judgment in the Wisconsin action that resulted in a finding of  
2 invalidity of claims 1 and 4 of the '109 Patent.

3  
4 DATED: October 22, 2007

Respectfully submitted,

5 RONALD S. LEMIEUX  
6 MICHAEL M. EDELMAN  
7 VIDYA R. BHAKAR  
8 SHANÉE Y. WILLIAMS  
PAUL, HASTINGS, JANOFSKY & WALKER LLP

9 By: /s/ Shanée Y. Williams  
SHANEE Y. WILLIAMS

10 Attorneys for Plaintiffs  
11 ASUSTEK COMPUTER INC. and  
12 ASUS COMPUTER INTERNATIONAL

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14 LEGAL\_US\_W # 57357720.1  
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